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HUAXIN CEMENT CO., LTD.*

華新水泥股份有限公司

(a joint stock limited company incorporated in the People's Republic of China)

(Stock Code: 6655)

**Announcement on the Partial Repurchase and Cancellation of Shares
under the 2020-2022 Core Employees Stock Ownership Plan**

Huaxin Cement Co., Ltd. (the “**Company**”) held the 25th Meeting of the Tenth Board of Directors on 9 June 2023. The Proposal on the Partial Repurchase and Cancellation of Shares under the 2020-2022 Core Employees Stock Ownership Plan was approved in the meeting. According to the 2020-2022 Core Employees Stock Ownership Plan (the “**ESOP**”), the Administration Measures of the 2020-2022 Core Employees Stock Ownership Plan (the “**Administration Measures**”) and the performance evaluation results, the Company will repurchase at nil consideration and cancel 17,604,206 A shares under the ESOP that cannot be vested due to failure in achieving the performance target.

I. Approval procedures performed and information disclosure

On 11 August 2020, the 18th Meeting of the Ninth Board of Directors approved the Proposal on 2020-2022 Core Employee Stock Ownership Plan (Draft) and its Summary and the Proposal on Requesting the Shareholders’ General Meeting to Authorize the Board to Handle Relevant Matters of the 2020-2022 Core Employee Stock Ownership Plan. On the same day, the Company held the 5th Meeting of the Eighth Staff Congress and consulted its employees on the ESOP to be implemented by the Company from 2020 to 2022. The Board of Supervisors has reviewed the plan and issued verification opinions on the relevant circumstances, and the Independent Directors have issued independent opinions on the plan and related matters. For details, please refer to the relevant announcement issued by the Company in the designated information disclosure channel on 13 August 2020.

On 25 September 2020, the Company held the 2nd Extraordinary General Meeting of 2020 and approved the Proposal on the Company's 2020-2022 Core Employee Stock Ownership Plan (Draft) and its Summary and the Proposal on Requesting the Shareholders' General Meeting to Authorize the Board of Directors to Handle Relevant Matters of the 2020-2022 Core Employee Stock Ownership Plan. For details, please refer to the relevant announcement issued by the Company in the designated information disclosure channel on 26 September 2020.

On 12 October 2020, the Company held the 22nd Meeting of the Ninth Board of Directors and approved the Proposal on the Grant Date, Grant Price and Number of Shares for Plans A-0 and B-0 in 2020, specifying that the date for granting was 29 May 2020, the grant price of plan A-0 was RMB24.0, the grant price of plan B-0 was RMB26.88, the number of shares granted under the plan A-0 was 5,083,246, and the number of shares granted under plan B-0 was 14,880,609, amounting to 19,963,855 shares in total. For details, please refer to the relevant announcement issued by the Company in the designated information disclosure channel on 13 October 2020.

On 23 October 2020, 19,963,855 A shares of the Company (representing 0.95% of the total share capital of the Company) in the Company's special account for repurchase were transferred to the special account of the Company's 2020-2022 Core Employee Stock Ownership Plan on a non-transactional basis. For details, please refer to the relevant announcement issued by the Company in the designated information disclosure media on 29 October 2020.

On 29 December 2020, the Company held the First Holders' Meeting of the 2020-2022 Core Employee Stock Ownership Plan and adopted the Administrative Measures of the 2020-2022 Core Employee Stock Ownership Plan of Huaxin Cement Co., Ltd. and the Proposal on the Election of Members of the Administration Committee of the 2020-2022 Core Employee Stock Ownership Plan. For details, please refer to the relevant announcement published by the Company in the designated information disclosure channel on 31 December 2020.

On 18 May 2021, the 2nd Meeting of the Tenth Board of Directors approved the Proposal on the Grant Date, Grant Price and Number of Shares Granted for Plans A-1.1 and A-1.2 in 2021 under the Company's Core Employee Stock Ownership Plan 2020-2022, specifying that the date of granting for plans A-1.1 and A-1.2 in 2021 was 10 February 2021 and the grant price in plans A-1.1 and A-1.2 were RMB 20.14. The number of shares granted under plan A-1.1 was 1,061,660, and the number of shares granted under plan A-1.2 was 99,668, amounting to 1,161,328 shares in total. In view of the staff adjustment of grantees under plan A-0 in 2020 and personal evaluation results of certain grantees were below the standard, 85,822 shares remained in plan A-0, thus, the actual number of shares to be transferred from special account for repurchase to the account of 2020-2022 ESOP was 1,075,506 shares (such shares were transferred from the special account for repurchase to the special account for the 2020-2022 ESOP on 21 May 2021). As at the date of the

announcement, 21,039,361 A shares of the Company, representing 1.00% of the total share capital of the Company, were held in the Company's special account for the 2020-2022 ESOP. For details, please refer to the relevant announcements issued by the Company in the designated information disclosure channel on 19 and 27 May 2021.

On 30 May 2022, the 14th Meeting of the Tenth Board of Directors approved the Proposal on the Grant Date, Grant Price and Grant Number of Shares for Plans A-2.1 and A-2.2 in 2022 under the ESOP 2020-2022, specifying that the date of granting was 6 May 2022 and the grant price was RMB22.4. Based on the performance evaluation results for 2021, the number of shares under plan A-2.1 was adjusted to 881,955 shares and the number of shares granted under plan A-2.2 was 42,087 shares. After the adjustment and granting of shares, 839,868 shares remained in the ESOP account, which will be re-granted or cancelled in 2023 after the evaluation of the 2022 annual performance. For details, please refer to the relevant announcement issued by the Company in the designated information disclosure channel on May 31 2022.

On 9 June 2023, the 25th Meeting of the Tenth Board of Directors approved the Proposal on the Result of Share Granting of 2020-2022 Core Employees Stock Ownership Plan and the Proposal on the Partial Repurchase and Cancellation of Shares in the 2020-2022 Core Employees Stock Ownership Plan. For details, please refer to the Announcement on the Resolutions of the 25th Meeting of the Tenth Board of Directors issued by the Company on the same day.

The performance evaluation results for 2021 under plan A reached the threshold value but was below the target, the performance evaluation results for 2022 was below the threshold and the results for the period of 2020 to 2022 did not reach the threshold of milestone target under plan B. According to the ESOP Administration Measures and regulations of the ESOP, 17,604,206 shares will be repurchased by the Company at nil consideration and cancelled as the shares cannot be vested due to failure in target achievement.

The repurchase and cancellation of shares under the ESOP is subject to the approval by shareholders of the Company at the general meeting and will be effective upon the approval in the meeting.

II. Specific details of the repurchase and cancellation

1. Reasons of the repurchase and cancellation

The performance evaluation results for 2021 was 87.2% under plan A, reaching the threshold value but was below the target. Therefore, the coefficient for 2021 performance was 59.9% and the number of shares granted under plan A-0 in 2020 and plan A-1.2 in 2021 should be adjusted. The

performance evaluation results for 2022 was 50.4%, which was below the evaluation threshold, so the coefficient of 2022 should be 0. Therefore, the number of shares granted under plan A-0 in 2020, plan A-1.2 in 2021 and plan A-2.2 in 2022 should be adjusted.

A total of 2,723,597 shares under plan A was not granted due to the failure in target achievement and should be repurchased and cancelled.

The milestone performance target of plan B for the evaluation period of 2020 to 2022 did not meet the threshold, and the unlocking ratio should be 0. Therefore, the shares granted under plan B-0 in 2020 could not be unlocked and 14,880,609 shares under plan B should be repurchased and cancelled.

In conclusion, a total of 17,604,206 shares should be repurchased and cancelled because those shares cannot be vested due to failure in achieving the performance target.

2. Repurchase price

In accordance with the ESOP, when the performance evaluation results fail to reach the threshold, the relevant shares will be repurchased by the Company at nil consideration after the evaluation period and then be re-granted to qualified employees or be cancelled under the ESOP within statutory period. Therefore, the repurchase price is nil.

3. Amount of repurchase

The Company intends to repurchase 17,604,206 unvested shares due to failure in achieving the performance target, accounting for 83.67% of the 21,039,361 shares held by the ESOP account and 0.84% of the total shares of the Company.

III. Changes of the share structure

Share structure changes before and after the repurchase and cancellation of partial shares under the ESOP are as follows:

Type of share	Before the change		Change	After the change	
	Number (share)	Proportion		Number (share)	Proportion
A share	1,361,879,855	64.96	-17,604,206	1,344,275,649	64.66
H share	734,720,000	35.04	0	734,720,000	35.34
Total amount	2,096,599,855	100	-17,604,206	2,078,995,649	100

Note: Total number of shares as of 9 June 2023.

IV. Impact of the repurchase and cancellation to the Company

The partial repurchase and cancellation of shares under the ESOP will not cause the shareholding structure of the Company to become ineligible for listing, impact the continued implementation of

the ESOP nor have a significant impact on the operation results of the Company. The management and core employees will continue to work diligently and responsibly to create values for shareholders.

V. Opinions of Independent Directors

The Independent Directors of the Company expressed their independent opinions that with reference to the performance evaluation requirements of the ESOP, as the performance evaluation results for 2021 under plan A reached the threshold but was below the target, the performance evaluation results for 2022 were below the threshold; and the 2020 to 2022 performance evaluation results failed to achieved the threshold of milestone under plan B, part of the shares under the ESOP will be repurchased and cancelled, which is in compliance with the Guiding Opinions on the Implementation of Employee Stock Ownership Plan for Listed Companies of the China Securities Regulatory Commission and the provisions of the ESOP. The reasons for, number and price of the repurchase and cancellation of the shares are legal and valid, which will not cause the shareholding structure of the Company to become ineligible for listing nor affect the continued implementation of the ESOP and will not prejudice the interests of the Company and its shareholders. The Independent Directors agreed that the Company could repurchase and cancel part of the shares under the ESOP.

VI. Review opinions of the Board of Supervisors

The Board of Supervisors expressed that with reference to the performance evaluation requirements of the ESOP, as the performance evaluation results for 2021 under plan A reached the threshold but was below the target, the performance evaluation results for 2022 were below the threshold; and the 2020 to 2022 performance evaluation results failed to achieved the threshold of milestone under plan B, part of the shares under the ESOP will be repurchased and cancelled, which is in compliance with the Guiding Opinions on the Implementation of Employee Stock Ownership Plan for Listed Companies of the China Securities Regulatory Commission and the provisions of the ESOP. The reasons for, number and price of the repurchase and cancellation of the shares are legal and valid, which will not cause the shareholding structure of the Company to become ineligible for listing, affect the continued implementation of the ESOP and will not will not prejudice the interests of the Company and its shareholders. The Board of Supervisors agreed that the Company could repurchase and cancel part of the shares under the ESOP.

VII. Conclusive opinion of the legal opinion

According to the legal opinion issued by Hubei Sunshine Law Firm on the repurchase and cancellation of partial shares under the ESOP, as of the date of releasing its legal opinion, the Company has obtained the necessary approval and authorization for the repurchase and cancellation for current period, which were in compliance with the Company Law, Securities Law, Self-discipline Guidelines No. 7- Repurchase of Shares for Listed Companies of the Shanghai

Stock Exchange (the “**Repurchase of Shares**”) and other laws and regulations, as well as the Articles of Association, the ESOP and Administration Measures; the reasons for, price and number of the repurchase and cancellation are in compliance with the Company Law, the Guidance, the Repurchase of Shares and other laws and regulations, and the relevant arrangements of the ESOP and Administration Measures; the repurchase and cancellation is subject to the approval of the shareholders at the general meeting, the fulfillment of the corresponding information disclosure obligations, and the share cancellation and capital reduction procedures in accordance with the Company Law, the Articles of Association and other relevant provisions in accordance with the law.

VIII. Adjustments to the registered share capital of the company and proposed corresponding amendments to the articles of association

Following the completion of the repurchase and cancellation, the registered share capital of the Company is expected to decrease by RMB17,604,206 and corresponding amendments will also be made to the articles in relation to the registered share capital in the Articles of Association.

IX. Shareholders’ general meeting

The special resolutions in relation to the repurchase and cancellation, including the adjustment to the registered share capital and proposed corresponding amendments to the Articles of Association, are required to be submitted to the shareholders’ general meeting, A share class meeting and H share class meeting of the Company for consideration and approval. A circular for the shareholders’ general meeting containing, among other things, information on the repurchase and cancellation, will be dispatched to the shareholders in due course.

By Order of the Board
Huaxin Cement Co., Ltd.
XU Yongmo
Chairman

Wuhan, Hubei Province, the PRC

9 June 2023

As of the date of this announcement, the Board of Directors of the Company comprises Mr. Li Yeqing (President) and Mr. Liu Fengshan (Vice President), as executive Directors; Mr. Xu Yongmo (Chairman), Mr. Martin Kriegner, Mr. Lo Chi Kong and Ms. Tan Then Hwee, as non-executive Directors; Mr. Wong Kun Kau, Mr. Zhang Jiping and Mr. Jiang Hong, as independent non-executive Directors.

* For identification purpose only